

Key Management Control Checklist for MWR Programs

Sales Accountability and Operations

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Function

The function covered by these checklists is the administration, operation, and management of Morale, Welfare, and Recreation (MWR) Programs and Nonappropriated Fund Instrumentalities (NAFIs).

Purpose

1. The purpose of these checklists is to assist the MACOM and installation personnel responsible for--
 - a. MWR programs and NAFIs in administering APF and NAF resources
 - b. MWR program reporting requirements
 - c. Managing MWR programs
 - d. Other NAFIsin evaluating the *key management controls* related to the areas listed below.
2. Many of the questions are also pertinent to NAFIs other than IMWRF MWR programs.
3. **These checklists are *not* intended to cover *all* controls.**

Instructions

Answers must be based on actual testing of key management controls, such as document analysis, direct observation, interviewing, sampling, and simulation. Answers that indicate deficiencies must be explained and corrective action indicated in supporting documentation. **These management controls *must* be evaluated at least once every five years.** Certification that this evaluation has been conducted must be accomplished on DA Form 1-2-R (Management Control Evaluation Certification Statement). This form is available on the world wide web at the following internet address: ftp://pubs.army.mil/pub/eforms/pdf/a11_2r.pdf More information about the Army Management Control Process can be obtained at the Army Internal Review website: <http://www.asafm.army.mil/fo/fod/mc/mc.asp> or by contacting the CFSC Management Control Administrator, Bill Smith at (703) 681-7412 or via email at: William.Smith@cfsc.army.mil.

Comments

Help make this a better tool for evaluating management controls. Submit comments to the Commander, U.S. Army Community and Family Support Center ATTN: CFSC-IR, 4700 King Street, Alexandria, VA 22302-4410.

A - PROGRAM GUIDANCE AND CONTROL

This checklist is intended for use in evaluating the effectiveness of sales accountability operations. Use of this document will help identify potential problems in the management of retail sales activities to ensure that cash or merchandise losses are not occurring. This checklist is not all-inclusive. This checklist should be used to obtain yes or no answers. When a question is answered no, a sales accountability problem may exist. When several questions are answered no, the potential for a serious problem increases significantly. Additional analysis may be needed to identify the cause of any problems found and plan for corrective actions. Plans should be aimed at short and long-range actions.

NO

- | | | |
|----|---|----------|
| 1 | Has the installation provided current copies of pertinent regulatory guidance (i.e., AR 215-1 and DOD 7000.14-R, Vol. 13) to its nonappropriated fund (NAF) managers? | <u>✓</u> |
| 2 | Does installation guidance for performing and monitoring sales accountability tests clearly identify and establish: | |
| | Responsibilities for ensuring the tests are performed? | <u>✓</u> |
| | Specific activities that need periodic tests? | <u>✓</u> |
| | Frequency of performing tests at each activity? | |
| | Procedures for investigating and documenting discrepancies between actual and expected sales? | <u>✓</u> |
| | Storing and retrieving of test computations, results, and analyses records? | <u>✓</u> |
| | Managers responsibilities for monitoring and analyzing the performance and results of tests? | <u>✓</u> |
| 3. | Has the installation implemented a program for performing sales accountability tests? | <u>✓</u> |
| | Are the tests being performed as required? | |
| | Are sales accountability tests documented and kept on file? | <u>✓</u> |
| 4. | Has the installation developed local guidance for performing and monitoring inventories? | <u>✓</u> |
| | Are these procedures published and distributed to the responsible fund managers? | |

NO

Are the procedures accurate/applicable to all types of inventories?

✓

Are inventories conducted in accordance with these procedures?

✓

5. Were reviews performed by program and division managers to ensure that inventories were properly performed, cash controls were adequately examined, test results were analyzed, and appropriate actions were taken, if required, to investigate and resolve discrepancies? ✓
6. Do managers' job performance standards contain specific requirements relating to internal control responsibilities as related to sales accountability? ✓
7. Do performance standards include internal control responsibilities as a critical rating element?
8. Were managers' performances of internal control responsibilities adequately assessed and documented in periodic performance ratings? ✓
9. Did the installation fund manager annually certify that sufficient internal controls were implemented and maintained over merchandise inventories and cash receipts? ✓

B - SALES ACCOUNTABILITY TESTS FOR MANUAL BAR OPERATIONS

NO

1. Were sales accountability tests for bar operations scheduled in accordance with guidance in AR 215-1, App G, specifically:

Were bartender surprise evaluations performed at least once a month?

☒

Were end-of-month sales accountability tests performed?

☒

Were end-of-month inventories of individual bar operations and liquor storerooms performed during the same time period to prevent the movement of inventory to cover existing shortages?

☒

Was each bar considered as a separate operation with its own sales accountability control and test?

☒

2. Were inventories performed in accordance with guidance in AR 215-1, App G, specifically:

Did the activity manager or designee conduct or supervise end-of-month and bartender surprise evaluation inventories?

☒

Were bar stocks counted before the start of the shift being evaluated and verified by a disinterested third party?

☒

Were wall-to-wall counts taken and did they include all bottled and can beer, wine, draft beer, liquor, and soft drinks?

☒

Was DA Form 4535-R, (Bar Inventory & Sales Accountability Sheet) used to record counts and compute expected sales?

☒

Did at least two people perform the counts (one to count and one to record)?

☒

Were all items counted or weighed correctly? (This applies to both the beginning and ending inventories.)

Were all item counts recorded in ink?

☒

If corrections were made to recorded counts, were the incorrect figures lined out, the correct figures inserted, and the corrections initialed by at least two of the inventory team members?

☒

- | | YES | NO |
|---|----------|----|
| 3. Were expected sales calculated on DA Form 4535-R? | <u>✓</u> | |
| Were both beginning and ending inventory quantities accurately listed? | <u>✓</u> | |
| Were all receipts and issues (including transfers out) annotated on DA Forms 4535-R and the supporting documents attached? | <u>✓</u> | |
| Were the quantities of beverages used (as determined by the inventories) correctly converted to ounces (or individual units)? | <u>✓</u> | |
| Were accurate retail prices entered on DA Forms 4535-R? | | |
| If computations were performed manually, were the retail cost computations for each line item verified? Or, when numerous computations were involved, were cost comparisons sampled to test computation accuracy? | <u>✓</u> | |
| Were bartenders signing DA Forms 4535-R, thereby accepting responsibility for the inventory results for the period that sales accountability was being determined? | <u>✓</u> | |
| 4. Were actual sales accurately reported on DA Forms 4535-R as follows: | | |
| Were cash register keys used to identify sales by category? | <u>✓</u> | |
| Were opening and closing cash register readings validated, and were daily activity reports (DARs) analyzed by the manager every day? | <u>✓</u> | |
| Were bartenders occasionally monitored to ensure that all sales were recorded and the receipts were placed in the cash register at the time of the sale? | <u>✓</u> | |
| Did actual sale amounts reported on DA Forms 4535-R accurately reflect documented sales receipts? | | |
| 5. Were expected sales compared to actual sales and were significant variances investigated and documented? | <u>✓</u> | |
| 6. Were sales accountability tests signed by the person verifying the results of the bar inventory? | <u>✓</u> | |

C - SALES ACCOUNTABILITY TESTS FOR AUTOMATED BARS

NO

1. Were monthly inventories of storeroom (rack room) liquor quantities performed in accordance with DOD 7000.14-R, Volume 13?

Were the results used to validate the amount of liquor reportedly dispensed through the automated bar system?

✓

Did the activity manager or designee conduct or supervise monthly inventories?

✓

Were wall-to-wall counts taken?

✓

Were all items counted or weighed correctly?

Were all item counts recorded in ink?

✓

Did at least two persons perform the counts (one to count and one to record)?

✓

If corrections were made to recorded counts, were the incorrect figures lined out, the correct figures inserted, and the corrections initialed by at least two of the inventory team members?

✓

Were the quantities used (as determined by the storeroom inventory) reconciled to the bar usage (as recorded by dispensing devices)?

✓

If variances existed, were actions taken to determine the causes and were the results documented?

✓

2. Was the dispensing system periodically checked by some one other than the bartender to ensure that the dispensing devices were properly calibrated?

✓

NOTE: Sales accountability tests for automated bars must be performed on the total automated bar system, not just individual automated bars.

D - SALES ACCOUNTABILITY FOR FOOD OPERATIONS

NO

1. Were sales accountability tests and internal control procedures for food sale operations scheduled IAW DOD 7000.14-R, Volume 13?

2. Were the following sales accountability tests performed daily for each food activity?

Did cashiers use DA Form 5053 (Scatter sheets) to record the number of menu items sold daily?

Did the food manager analyze the data on scatter sheets to ensure that proper sales and costs data were included on the form and that computations were accurate?

Were cashiers monitored (by activity managers) to ensure that sales receipts were promptly recorded and that scatter-sheet data was accurately maintained?

Were total sales columns on scatter sheets compared to cash register receipts?

Were variances investigated and adequately explained?

3. Were the sales accountability test procedures in AR 215-1, App G for testing sensitive items adequately followed?

Were required inventories performed and accurate records maintained showing receipts and issues of food and beverage items at the warehouse? (Applies only if the activity maintains a central warehouse for its products.)

Were required inventories performed and accurate records maintained showing receipts and issues of food and beverage items at the activity storage area?

Were sensitive and high-dollar food and beverage items properly designated as sensitive items?

Did the number of sensitive items designated exceed 5 but no more than 15 items?

Did the chef properly record and accurately report bulk meat-cutting results on DA Form 5065 (Daily Sensitive Food Item Inventory and Conversion Chart)?

N/A

N/A

N/A

N/A

N/A

N/A

✓

✓

✓

✓

✓



N/A

Did the activity manager monitor the bulk meat cutting records to ensure accurate reporting of results?

NO

NA not open
daily

Were inventories of sensitive items performed daily?

Did at least two people perform the inventory (one to count and one to record)?

Were the inventory results accurately recorded (in ink) on DA Form 5065?

If corrections were made, were the incorrect figures lined out, the correct figures inserted, and the corrections initialed by at least two of the inventory team members?

✓

Did the activity manager compare the results of the sensitive item counts (as recorded on DA Form 5065) to the food sales data (as recorded on DA Form 5053 prepared by the cashier) to ensure that sensitive items issued to kitchen personnel were properly accounted for (either sold or maintained in inventory)?

✓

Were variances investigated and results documented?

✓

NOTE: Includes beverages such as beer, wine, and sodas sold through food service operations.

We Don't do Resale

E - SALES ACCOUNTABILITY TESTS FOR OTHER RESALE OPERATIONS

		NO
1	Were sales accountability tests conducted in accordance with guidance in AR 215-1, App G?	<u>NA</u>
2	Were inventories performed in accordance with guidance in AR 215-1, App G and DOD 7000.14-R, Volume 13, August 1994?	<u>NA</u>
	Did the activity manager or designee conduct or supervise month-end physical inventories?	<u>NA</u>
	Was the DA Form 1759 (Property/Merchandise Inventory) prepared in the same sequence in which the merchandise was stored or arranged for display?	<u>NA</u>
	If stock record cards (DA Form 1991) were maintained was the DA Form 1759 prepared by the organization maintaining the stock record cards?	<u>NA</u>
	If automated inventory records were maintained, did the central accounting office prepare the inventory listing?	<u>NA</u>
	If inventory records were not maintained, was the DA Form 1759 prepared by the activity manager before the physical count was taken?	<u>NA</u>
	Were cutoff dates for sales, issues, returns, adjustments, and transfers between departments established so that inventory lists would accurately reflect all items of inventory?	<u>NA</u>
	Were all items accurately counted?	<u>NA</u>
	Were item counts recorded in ink on the DA Form 1759?	<u>NA</u>
	If some items inventoried were not listed on the DA Form 1759, were the items subsequently added?	<u>NA</u>
	Did at least two persons perform the inventory counts (one to count and one to record?)	<u>NA</u>
	If corrections were made to the recorded counts, were the incorrect figures lined out, the correct figures inserted, and the corrections initialed by at least two people?	<u>NA</u>
	Were inventory counts reconciled to stock record cards, and were differences reconciled?	<u>NA</u>

✓

YES NO

Were stock record cards prepared for items not originally listed on DA Form 1759?

Were central accounting offices and activity managers given the results of the inventories?

3. Were expected sales calculations properly and accurately performed?

Were quantities of inventoried items (by line item) for both the beginning and ending inventories accurately listed on the sales accountability test sheets?

In case of manual computations, were the calculations validated, in cases of numerous computations, did the activity manager spot check to ensure that the expected sales were accurately computed?

Were accurate retail prices used to determine expected sales revenue?

4. Were actual sales figures reliable?

Were operations adequately monitored to ensure that receipts were issued for all sales?

Were operations adequately monitored to ensure that sales were recorded and the cash register clerks recorded receipts at the time of sale?

Were separate cash register keys used to identify sales by categories?

Did the amount of actual sales recorded on the sales accountability test sheets accurately reflect the documented sales receipts?

5. Were expected sales compared to actual sales, and were significant variances investigated and documented?

6. Were the sales accountability test sheets signed by the person verifying the results?

7. Do managers review results of the sales accountability tests and take action, as required, based on the results?

Handwritten 'A' in the first column and 'N' in the second column, with a large 'A' written vertically in the right margin.

Don Brown
28 AUG 06